



Here's the Max Amount of CPP Pension You Can Get in 2021

Description

The financial hardship brought by the COVID-19 pandemic raised awareness on retirement planning. Many Canadians now worry about their financial futures. Thousands of households would be in dire straits if not for the government lifelines during the crisis.

If you're a Canada Pension Plan (CPP) user, you should be particular about [cash flows when you retire](#). While the pension is a lifetime one, the amount might not be sufficient to cope with the rising cost of living or cover all your financial needs.

Maximum CPP pension

Assuming you're 65, have contributed the maximum, and claiming the CPP today, the monthly payout is \$1,203.75, or \$14,445 per year. However, not all individual users qualify to receive the maximum CPP. You must have contributed enough for 39 years. Ideally, contributions should begin at age 18 up to 65, or 47 years in total.

Average CPP pension

A user's total contribution should at least be 83% of 47 years to get a crack at the maximum CPP. In reality, most CPP pensioners expect to receive only the average. The government website states that the average amount for new beneficiaries (March 2021) is \$706.57 per month or \$8,478.84 annually.

You have an option to boost your pension with one simple strategy. Delay the take-up until 70 to receive a 42% permanent CPP increase. Instead of only \$8,478.84, the guaranteed income for life bumps up to \$12,093.95. If you think you can't live comfortably with the amount, [create additional income by investing](#).

Consistent dividend growth

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is among the reliable providers of stable income on the **TSX**. The \$60.56 billion energy infrastructure company pays a lucrative 5.63% dividend. You can purchase the energy stock today at \$61.83 per share (+23% year-to-date).

The most compelling reason to invest in TC Energy is the consistent dividend growth. This year marks the 21st consecutive year that management increased the payouts. While the energy sector is risky at times, the business model is low-risk. The company generates cash flows from long-term contracts with solid counterparties.

TC Energy transports more than 25% of North America's daily natural gas consumption. Apart from the diversified portfolio of regulated and long-term contracted assets, the company owns storage facilities and operates power generation plants.

Growth-oriented power generator

A wholesale power generator is a viable option if you think the energy sector is risky. **Capital Power** ([TSX:CPX](#)) supplies electricity and provides energy services to commercial, industrial, institutional, and government customers in Canada and the United States.

This \$4.67 billion independent power producer is growth-oriented. Capital Power boasts cash flow stability owing to secured fixed-price contracts whose average contract life is 10 years. At \$40.75 per share (+19.76% year-to-date), the dividend yield is 5.03%.

Income investors hold this utility stock in esteem because it has pricing power and provides [lasting income](#). The most recent news is Capital Power's announcement of joining the Powering Past Coal Alliance. It targets to be carbon neutral by 2025. Once it completes the transformation of its Genesee Generating Station to natural gas power generation, its coal-fired generation will stop in 2023.

Build your confidence to retire

Prospective CPP pensioners should prioritize retirement planning and study their options carefully before it's too late. The take-up decision should be easy if you have other income sources when you retire.

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2. TSX:CPX (Capital Power Corporation)
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